Department of Health and Human Services
Maine People Living Safe, Healthy and Productive Lives
Paul R. LePage, Governor
Mary C. Mayhew, Commissioner

Department of Health and Human Services
Commissioner's Office
221 State Street
11 State House Station
Augusta, Maine 04333-0011
Tel.: (207) 287-3707; Fax (207) 287-3005
TTY Users: Dial 711 (Maine Relay)

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To: Senator Dawn Hill, Chair
Representative Margaret Rotundo
Members of the Joint Standing Committee Appropriations and Financial Affairs

Senator Margaret M. Craven, Chair
Representative Richard R. Farnsworth, Chair
Members of the Joint Standing Committee on Health and Human Services

From: Mary C. Mayhew, Commissioner, Department of Health and Human Services

Re: DHHS response to questions regarding the FY'13 Supplemental Budget

Q #1: List of towns that use their own resources to administer general assistance and a list of those that outsource the function.

R: There are two entities that are currently contracting with Municipalities to administer their GA programs:

Prop or Peoples Alliance	**Community Concepts**
Baldwin	Norway
Cape Elizabeth	Paris
Cumberland	
Falmouth	
Long Island	
New Gloucester	
North Yarmouth	

There are a number of municipalities that have separate agreements between them. For example: Rumford has an agreement to administer the General Assistance program for Mexico and Bath administers the GA program for West Bath. These are individual agreements between the municipalities and they work out between themselves any agreements for compensation for the administration of the GA program. The balance of the rest of the municipalities do their own administration of the program

Beyond that, we also contract out with individual agents to administer the GA program in the Unorganized Territory.

Q #2: What is the total reduction in each each of the categories in SAMHS in the Supplemental?

R:

Crisis Services		(1,225,836.39)
Medication Management		(52,934.24)
Community Integration		(42,710.09)
PNMI		(110,071.16)
WRAP		(11,395.94)
BRAP		(147,969.97)
ACT		(14,612.51)
LTSE		(41,730.07)
Social Clubs		(25,402.83)
	Total:	**(1,672,663.20)**

The remaining balance of the total is for services such as: conference & training; research; public education; patient advocacy; warm lines; self-help; shelter services; professional services & family support.

Q #3: What would it take to fully fund the Independent Support Services/Homemaker?

R:

OADS - INDEPENDENT SUPPORT SERVICES/HOMEMAKER

Current Waitlist Number (January 2013)	1315	Maximum Monthly Cost for Waitlist without Copay**
Current Hourly Cap	8 hours per month	$ 197,250.00*
Curtailment Proposal Cap	5 hours per month	$ 123,281.25
Cap prior to 2007***	10 hours per month	$ 246,562.50

***** Unit Cost = $18.75 per hour.

****** Copay is 20% of cost of service.

Any copay amounts collected are put back into the program

Well over half of the people on the program have waivers of co-pay due to their financial situation. (The threshold for the waiver process is that monthly income of the household members may be no more than 200% of federal poverty level).

If a person does not meet the requirements to have the copay waived, and they do not pay the copay that is obligated, they are discharged from the program.

******* The change in the promulgated rules from a cap of 10 hours monthly to 8 hours monthly occurred somewhere in 2007-2008.

Note: These calculations are based on authorized amounts which represent maximum fiscal cost. Authorized service costs exceed actual expenditures.

Q #4: Department Initiatives: What FY13 emergency supplemental initiatives (including curtailment) are also in the FY14-15 biennium. – Need a side by side document of all of the initiatives for each of the years including curtailment.

R: See Attachment A, Page 5-6.

Q #5: How many RAC 53 eligibility recipients are Consent Decree members?

R: 53 Consent decree consumers are also RAC 53 eligibility recipients and they all reside in Appendix F. We have none in Appendix C.

Q #6:

1. Please provide a summary of the Major IT initiatives in the Supplemental budget.

   R: See Attachment B, Page 7-8 (ACA Project Summary)
   See Attachment C, Page 9-10 (ICD-10)

2. Please clarify if money must be available to begin the RFP process, or if it must be available only when it is time to begin a project.

   R: The funds must be available to begin the project/contract, however the RFP can be done prior to availability of funds.

Cc: Michael Cianchette, Chief Legal Counsel, Governor's Office
Kathleen Newman, Deputy Chief of Staff, Governor's Office
Adrienne Bennett, Director of Communications, Governor's Office
Sawin Millett, Commissioner, Department of Administrative and Financial Services
Melissa Gott, State Budget Officer, Department of Administrative and Financial Services
Joint Standing Committee on Appropriations and Financial Affairs

Maine Department of Health and Human Services
FY13 One-TIme Budget Initiatives and On-Going into FY14-15

HHS Doc Page No.	Initiative Number	Initiative Description	Fund Type	FY13	FY14	FY15
75	-	One time transfer to MaineCare Seed	FHM	4,812,061		
21	I-A-2201	National Background Check	Federal	848,068		
22	I-A-2204	AG Legal Fees	OSR	129,446	129,446	129,446
10	I-A-2205	Foster Care/Adoption Assistance	General	4,200,000	4,200,000	4,200,000
60	I-A-2208	CMS: 7 conditions/standards	General	325,000	625,000	
61	I-A-2208	CMS: 7 conditions/standards	Federal	2,925,000	5,825,081	
23	I-A-2216	Facility Receivership	OSR	200,000	200,000	200,000
1	I-A-2226	Assertive Community Treatment	OSR	325,920	216,857	216,857
2	I-A-2226	Assertive Community Treatment	General	(325,920)	(216,857)	(216,857)
24	I-A-2228	Staff from DHHS to DAFS (Obj Group)	General	-	-	-
25	I-A-2228	Staff from DHHS to DAFS (Obj Group)	Federal	-	-	-
26	I-A-2228	Staff from DHHS to DAFS (Obj Group)	General	-	-	-
27	I-A-2228	Staff from DHHS to DAFS (Obj Group)	OSR	-	-	-
28	I-A-2229	Staff from DAFS to DHHS (Obj Group)	General	-	-	-
29	I-A-2229	Staff from DAFS to DHHS (Obj Group)	Federal	-	-	-
92	I-A-2233	Allotment Reduction	OSR	(6,500)	(6,500)	(6,500)
93	I-A-2234	Reduce allotment	Federal	(4,500,000)	(4,500,000)	(4,500,000)
30	I-A-2235	Staff from OMS to COMM	General	(29,855)	(33,427)	(34,200)
31	I-A-2235	Staff from OMS to COMM	Federal	(88,516)	(96,233)	(98,544)
32	I-A-2235	Staff from OMS to COMM	General	71,023	77,796	79,652
33	I-A-2235	Staff from OMS to COMM	OSR	49,033	51,864	53,102
67	I-A-2237	Cycle payments	General	87,194,574	103,512,230	130,613,201
68	I-A-2237	Cycle payments	Federal	146,322,510	168,142,350	212,020,842
69	I-A-2237	Cycle payments	General	112,154	112,154	112,154
70	I-A-2237	Cycle payments	General	238,173	238,173	238,173
71	I-A-2237	Cycle payments	General	138,229	138,229	138,229
62	I-A-2239	ACES 7 conditions and standards	General	2,200,000	1,250,000	
63	I-A-2239	ACES 7 conditions and standards	Federal	20,400,244	11,650,162	
57	I-A-6	AG Tobacco Staff	FHM	6,765	7,969	7,866
86	I-A-7010	AG Tobacco	OSR	1,219		
3	I-A-7527	Generator Repair	OSR	40,396		
4	I-A-7527	Generator Repair	General	60,010		
5	I-A-7531	Consent Decree	General	2,000,000	2,000,000	-
72	I-A-7540	RAC 53s	General	(232,000)	(386,000)	(386,000)
82	I-A-7541	LCSW only	General	(825,000)	(3,300,000)	(3,300,000)
83	I-A-7541	LCSW only	Federal	(1,389,765)	(5,314,005)	(5,282,575)
73	I-A-7542	DEL Elimination	General	(985,913)	(3,943,651)	(3,943,651)
73	I-A-7542	DEL Elimination	General		(3,064,775)	(3,064,775)
73	I-A-7542	DEL Elimination	Federal		(4,960,297)	(4,906,031)
74	I-A-7542	DEL Elimination	FHM	(766,193)		
76	I-A-7544	Critical access hospital rate	General	(612,000)	(2,448,000)	(2,448,000)
77	I-A-7544	Critical access hospital rates	Federal	(1,150,165)	(3,962,055)	(3,918,710)
78	I-A-7545	Hospital outpatient services	General	(1,225,000)	(4,900,000)	(4,900,000)
79	I-A-7545	Hospital outpatient services	Federal	(1,996,750)	(7,930,584)	(7,843,823)
64	I-A-7546	Electronic claims processing	General	250,000		
65	I-A-7546	Electronic claims processing	Federal	2,250,000		
34	I-A-7548	Staff 50% to general funds	General	38,739		
35	I-A-7548	Staff 50% to general funds	Federal	(38,739)		
84	I-A-7549	Therapeutic leave days	General	(160,000)	(640,000)	(640,000)
85	I-A-7549	Therapeutic leave days	Federal	(328,550)	(1,035,831)	(1,024,500)
87	I-A-7551	Mushroom	OSR	5,780	5,780	5,780

Maine Department of Health and Human Services
FY13 One-TIme Budget Initiatives and On-Going into FY14-15

HHS Doc Page No.	Initiative Number	Initiative Description	Fund Type	FY13	FY14	FY15
88	I-A-7551	Mushroom	OSR	(5,780)	(5,780)	(5,780)
80	I-A-7552	Targeted Care Management	General	(160,000)	(6,567,000)	(15,467,000)
81	I-A-7552	Targeted Care Management	Federal	(328,550)	(10,628,601)	(24,759,268)
58	I-A-7553	FHM Initiative	FHM	(2,000,000)		
59	I-A-7553	DAFS	FHM	2,000,000		
6	I-A-7600	Curtailment	General	(1,731,950)		
94	I-A-7600	Curtailment	General	(359,740)		
95	I-A-7600	Curtailment	General	(28,612)		
11	I-A-7601	Curtailment	General	(54,883)		
12	I-A-7602	Curtailment	General	(850,000)		
13	I-A-7603	Curtailment	General	(300,000)		
19	I-A-7604	Curtailment	General	(92,277)		
20	I-A-7605	Curtailment	General	(891,693)		
7	I-A-7606	Curtailment	General	(1,993)		
8	I-A-7607	Curtailment	General	(1,603)		
9	I-A-7607	Curtailment	General	(1,603)		
36	I-A-7608	Curtailment	General	(171,713)		
37	I-A-7609	Curtailment	General	(618)		
38	I-A-7609	Curtailment	General	(150)		
66	I-A-7610	Curtailment	General	(306,128)		
14	I-A-7611	Curtailment	General	(1,400,000)		
15	I-A-7612	Curtailment	General	(1,900,000)		
16	I-A-7613	Curtailment	General	(75,000)		
39	I-A-7614	Curtailment	General	(15,319)		
53	I-A-7614	Curtailment	General	(173,908)		
54	I-A-7614	Curtailment	General	(168,384)		
55	I-A-7614	Curtailment	General	(124,736)		
40	I-A-7615	Curtailment	General	(32,758)		
89	I-A-7616	Curtailment	General	(77,155)		
41	I-A-7617	Curtailment	General	(38,675)		
56	I-A-7618	Curtailment	General	(45,000)		
96	I-A-7619	Curtailment	General	(27,271)		
17	I-A-7620	Curtailment	General	(82,044)		
18	I-A-7621	Curtailment	General	(1,958)		
42	I-A-7622	Curtailment	General	(20,599)		
43	I-A-7623	Curtailment	General	(1,261,721)		
44	I-A-7624	Curtailment	General	(2,500,000)		
90	I-A-7625	Curtailment	General	(337,517)		
91	I-A-7626	Curtailment	General	(18,136)		
45	I-A-7627	Curtailment	General	(313,726)		
46	I-A-7628	Curtailment	General	(171)		
47	I-A-7629	Curtailment	General	(8,125)		
48	I-A-7630	Curtailment	General	(19,790)		
49	I-B-5543	Reclasses	General	-		
50	I-B-5543	Reclasses	Federal	23,755	21,449	22,651
51	I-B-5543	Reclasses	OSR	3,179	2,194	2,359
52	I-B-5543	Reclasses	Federal	10,785		

Summary of Patient Protection & Affordable Care Act Initiative

- **Driver for initiative:**
  - Patient Protection and Affordable Care Act (ACA) signed into law on 3/23/10. Federal mandate under ACA requires all states to make significant business process and Information Technology (IT) changes
  - Specifically:
    - Establish business processes and connectivity to the Federal Health Insurance Exchange known as the Federally Facilitated Exchange (FFE) and the Data Services Hub (DSH)
    - Adoption of and conversion to new federally mandated Monthly Adjusted Gross Income (MAGI) rules
    - Collapse of the state's Medicaid categories into 4 categories

- **Business criticality:**
  - All states are working toward compliance with these Federal mandates to ensure all consumers are able to apply for health insurance benefits through the FFE on 10/1/2013 where an assessment and potentially a determination of eligibility for Medicaid will be made.
  - The State of Maine must also be in a state of readiness to exchange applications taken within the State of Maine with the FFE.
  - The State of Maine must have all of our existing MAGI rules converted to the new Federal MAGI rules.
  - On January 1, 2014 all of our current Medicaid categories need to be collapsed into the 4 Medicaid categories.
  - Center for Medicare and Medicaid Services (CMS) is providing 90/10 enhanced matching funding for all ACA-related planning and implementation work for business process and policy changes as well as IT applications and infrastructure enhancements. This funding is being offered conditionally. We must demonstrate a commitment and develop a roadmap **to** conform to CMS 7 Conditions and Standards for our business processes and IT infrastructure. The enhanced funding will be available until 12/31/2015.
    - Risk – If we do not demonstrate our intent to comply with CMS Conditions & Standards through our business process and IT design plans we will not be entitled to the CMS enhanced match funding.
    - Timeframe to complete work is challenging
  - Additionally, there is a continuous improvement strategic opportunity by conforming to the 7 conditions & Standards that the State of Maine can realize:
    - More timely responsiveness and impact analysis accuracy to business rules, legislative policy and program changes.
    - Risk mitigation in processing, reporting and change implementation.
    - Improved impact assessment and predictive analysis of business change requests
    - Stronger data integrity
    -

- **Initiative structure and high level status:**

- DHHS is in the process of contracting for the assessment, analysis and design phase of work :
  - KPMG – selected vendor currently in negotiations with intent of bringing them on-board by no later than the 2nd week in Feb'13
  - Cross-walk of current Medicaid categories to collapsed categories complete
- General initiative status:
  - Compliance to the 10/1/13 deadline for connecting to the FFE will be a challenge due to a compressed timeframe
  - We will understand the work effort to implement our solution at the conclusion of the analysis/design phase of work scheduled for completion by end of April'13
  - DHHS intends to contract for the implementation phase as well

Summary of ICD-10 Initiative

- Driver for initiative:
  - Federal mandate under HIPAA requiring the health care industry to upgrade health care transactions to accept a broader, more detailed set of medical diagnosis/treatment codes and a new associated code structure
  - Specifically:
    - Transition from current medical diagnosis/treatment ICD-9 code set (approximately 40,000 codes) to the new ICD-10 code set (approximately 170,000 codes)
    - ICD-9 code structure is a 5 character numeric value while ICD-10 is a 7 character mixed alpha/numeric value
- Business criticality:
  - The health care industry at large is working towards compliance with this Federal mandate to ensure a collective state of readiness to pass and receive health care transactions in alignment with the referenced new ICD-10 code set and new code structure
  - The State of Maine must also be in a state of readiness to exchange health care transactions in this manner or realize the following significant risks:
    - Failed MaineCare claims transactions due to systems not recognizing new ICD-10 diagnosis/treatment codes passed from providers
    - Delays in MaineCare claims adjudication
    - Dissatisfied provider community due to delayed reimbursements
  - Additionally, there is a continuous improvement strategic opportunity that the State of Maine can realize:
    - Enhanced precision in claims adjudication based on the ICD-10 diagnosis/treatment codes being at a greater level of detail
    - Enhanced opportunity to assess provider effectiveness
    - Improved ability to detect fraud and abuse
    - Stronger environment for effective claims analytics
- Initiative structure and high level status:
  - DHHS has engaged two partners to support this effort:
    - Deloitte – planning and lead project management
    - Molina – critical to technical upgrades and testing associated with claims system
  - Coordination with the provider community to be a key as we organize testing to ensure effectiveness of our dual readiness to exchange health care transactions in alignment with the Federal mandate
  - Initiative high-level timeline:
    - Phase 1 (Assessment Phase): Completed
      - Discovery work to identify all of the federal mandate impacts from both a business and technology perspective
    - Phase 2 (Implementation Phase): Active
      - Feb'12 - Implemented ability to accept new ICD-10 code structure

  - Ongoing systems development from requirements definition through testing and implementation
  - Business readiness work-stream preparing the MaineCare business unit to effectively operate under an ICD-10 environment including a roadmap for realizing the articulated strategic opportunities
- Overall, no immediate red flags for required 10/1/14 compliance